

Message Text

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PAGE 01 BRASIL 00220 111551Z
ACTION ARA-10

INFO OCT-01 ISO-00 ARAE-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
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P R 111440
FM AMEMBASSY BRASILIA
TO SECSTATE WASHDC PRIORITY 9518
INFO AMCONSUL BUENOS AIRES
AMCONSUL RIO DE JANEIRO
AMCONSUL SAO PAULO

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EO 11652 NA
TAGS: EINV EAIR BR
SUBJECT: BOEING QUESTIONABLE PAYMENTS--BRAZILIAN REACTION

REFS: (A) 75 BRASILIA 5459 (B) 75 BRASILIA 5569 (C) 76 BRASILIA 8615
(D) 76 BRASILIA 8655 (3) 76 BRASILIA 8679 (F) 76 BRASILIA 8776

1. SUMMARY. BRAZILIAN AIR FORCE OFFICIALS DISCOUNT POSSIBLE
AIR FORCE INVOLVEMENT IN BOEING QUESTIONABLE PAYMENTS IN BRAZIL.
BOEING'S PUBLIC RELATIONS REPRESENTATIVE DENIES INVOLVEMENT.
ANY PUBLICIZED INVOLVEMENT OF GOB OFFICIALS WILL TARNISH
FURTHER THE REVOLUTION'S ANTI-CORRUPTION IMAGE. SOME OF THE
REVOLUTION'S SUPPORTERS MAY FAVOR EFFORTS TO CLEAR THE AIR.
END SUMMARY.

2. FRONT PAGE STORIES IN THE WEEKEND PRESS REPORTED THAT
BOEING MADE QUESTIONABLE PAYMENTS IN BRAZIL AND SEVERAL OTHER
COUNTRIES..THE DEPARTMENT, ACCORDING TO THE STORIES, RELEASED
INFORMATION REGARDING BOEING DOCUMENTS SUPPLIED TO A FEDERAL
APPEALS COURT, BUT REFUSED TO REVEAL THE IDENTITY OF
THE RECIPIENTS FOR FOREIGN POLICY REASONS. BOEING'S LAWYER REPORT-
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PAGE 02 BRASIL 00220 111551Z

EDLY NAMED THE COUNTRIES INVOLVED.

3. THE GOB HAS MADE NO OFFICIAL COMMENT ON THE STORIES.
CALLING THE REPORTS "COMMERCIAL SPECULATION AND NOT A SCANDAL,"
AIR FORCE MINISTER ARARIPE MACEDO, ACCORDING TO O ESTADO DE
SAO PAULO (JAN.9), SAID HIS MINISTRY WOULD MAKE NO COMMENT WITHOUT

THE RELEASE OF NAMES OF PERSONS INVOLVED. HE ALSO SAID THE AIR FORCE HAD BOUGHT NO BOEING PLANES, AND THE TWO 737'S USED IN THE PRESIDENTIAL FLEET WERE PURCHASED BY THE OFFICE OF THE PRESIDENT, DIRECTLY FROM VASP AIRLINES. THE MINISTER SAID HE DID NOT BELIEVE IN ANY POSSIBLE IRREGULAR INVOLVEMENT BY AIR FORCE OFFICIALS. HE ADDED, ACCORDING TO O ESTADO, THAT AIRCRAFT MANUFACTURERS PAY SALES COMMISSIONS IN VARIOUS COUNTRIES TO REPRESENTATIVES, WHO "USE (THE COMMISSIONS) AS THEY BEST KNOW HOW". THE MINISTER REPORTEDLY RECALLED THAT MID-1975 ALLEGATIONS OF BRIBERY INVOLVING NORTHROP FINALLY WERE CLARIFIED AND THAT, CONCERNING THE RECENT ACCUSATIONS ABOUT LOCKHEED PAYMENTS, NO NAMES HAVE BEEN RELEASED. (SEE REFTELS.)

4. THE COMMANDER AT THE AIR FORCE'S GENERAL AIR COMMAND, BRIGADEIRO DELIO JARDIM, APPEARED LESS DEFENSIVE THAN ARARIPE. ACCORDING TO O ESTADO (JAN.8), DELIO SAID IT WOULD BE BETTER THAT BOEING RELEASE THE NAMES OF THE PERSONS IN BRASIL INVOLVED. HE COMMENTED THAT PURCHASES OF BOEING PLANES WERE MADE BY PRIVATE FIRMS, THUS THE PRESS OUGHT NOT TO FOCUS ONLY ON THE GOVERNMENT. BOEING'S PUBLIC RELATIONS AGENT IN RIO, RETIRED COLONEL HERBER MOURA, ACCORDING TO O ESTADO (JAN'8), SAID THERE WAS NO POSSIBILITY FOR SUBORNING BRAZILIAN AUTHORITIES BECAUSE TOO MANY OFFICIALS, UP THROUGH THE PRESIDENT HIMSELF, WERE INVOLVED IN THE GOVERNMENTAL AUTHORIZATION PROCESS FOR PLANE PURCHASES BY AIRLINES. MOURA, WHO DENIED HE WAS BOEING'S COMMERCIAL AGENT, DISCLAIMED ANY INVOLVEMENT IN QUESTIONABLE PAYMENTS.

5. SAO PAULO STATE TRANSPORT SECRETARY THOMAZ MAGALHAES, ACCORDING TO O ESTADO (JAN.9), SAID HE WOULD REQUIRE VASP AIRLINES (WHICH LIMITED OFFICIAL USE

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PAGE 03 BRASIL 00220 111551Z

IS PRINCIPALLY OWNED BY THE STATE OF SAO PAULO AND WHICH HAS AN ALMOST ALL-BOEING FLEET) TO SEND AN OFFICIAL TO BOEING IN THE US IN ORDER TO LEARN THE IDENTITIES OF THOSE INVOLVED. "BRAZIL HAS THE RIGHT" TO OBTAIN THIS INFORMATION, HESAID; BOEING CANNOT DIVULGE ONLY THAT PERSONS ARE INVOLVED, PLACING "EVERYBODY" UNDER SUSPICION. REFLECTING SIMILAR SENTIMENTS, VARIG AIRLINES PRESIDENT ERIK DE CARVALHO, ACCORDING TO JORNAL DE BRASIL (JAN.9), SAID THE NAMES OF THOSE INVOLVED OUGHT TO BE RELEASED. HE CALLED HIS COMPANY'S RELATIONS WITH BOEING "UNIMPEACHABLE.

6. ACCORDING TO O ESTADO, VARIG AIRLINES HAS 35 BOEING PLANES; VASP 22; CRUZEIRO 14; AND TRANSBRASIL RENTS 5 BOEING PLANES.

7. COMMENT. FOR THE THIRD TIME SINCE MID-1975, DOCUMENTS RELEASED IN THE US CLAIM THAT BRAZILIANS ACCEPTED BRIBES OR QUESTIONABLE PAYMENTS FROM US AIRCRAFT MANUFACTURERS. NOTHING EVER CAME OF THE NORTHROP AND LOCKHEED CASES FOR LACK OF DEFINITIVE EVIDENCE,

ALTHOUGH THE GOB AWAITS THE POSSIBLE RELEASE OF AN EXPECTED LOCKHEED REPORT TO THE SEC. ANY PUBLICIZED INVOLVEMENT OF GOB OFFICIALS IN THE BOEING AFFAIR WILL FURTHER TARNISH THE REVOLUTION'S ANTI-CORRUPTION IMAGE, WHICH ALREADY HAS SUFFERED BECAUSE OF PRESS ACCOUNTS LAST FALL OF HIGH LIVING ON THE PART OF GOVERNMENT OFFICIALS AND BECAUSE OF INCREASING ALLEGATIONS AMONG BUSINESSMEN OF CORRUPTION IN THE PROVISION OF SOME ORDINARY GOVERNMENT SERVICES AND AUTHORIZATIONS. WE CONJECTURE THAT AT LEAST SOME OF THE REVOLUTION'S SUPPORTERS WILL FAVOR EFFORTS TO CLEAR THE AIR--AND THE NAME OF THE REVOLUTION.

8. REQUEST DEPT KEEP US CLOSELY INFORMED OF DEVELOPMENTS.
CRIMMINS

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